

Message Text

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EXDIS

EO 11652: GDS

TAGS: PFOR PINT EG US UR XF XG

SUBJECT: QUARTERLY POLITICAL ASSESSMENT: JAN 1 TO MARCH 31, 1975

SUMMARY: QUARTER WAS DOMINATED BY PREPARATIONS FOR ASWAN-JERSUALEM SHUTTLE. RISING EGYPTIAN EUPHORIA IN LATE JANUARY AND FEBRUARY CONTRIBUTED TO BITTER DISAPPOINTMENT WHEN SECRETARY'S MISSION WAS SUSPENDED. NEVERTHELESS, SADAT HAS MADE CLEAR HE PLACES BLAME ON ISRAELI "INTRASIGENCE," RETAINS FAITH IN USG'S GOOD WILL, IS PREPARED CONSIDER ANY Viable MECHANISM FOR PEACE TALKS, AND IS DETERMINED MAINTAIN GOOD BILATERAL USG-GOE RELATIONS. SOVIETS CAME UNDER PUBLIC ATTACK WHEN SADAT TOLD MEDIA INTERVIEWERS THAT MILITARY AND ECONOMIC RELATIONS WERE "FROZEN". GROMYKO VISIT DID SERVE TO BUY MORE TIME FOR STEP-BY-STEP APPROACH. PLO AND SARG FEARS THAT SINAI

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WITHDRAWAL MIGHT INJURE THEIR OWN IMMEIDATE INTERESTS

PRESENTED SERIOUS PROBLEMS FOR GOE. FRENCH EMERGED AS ARABS' EUROPEAN FRIEND, AND FRENCH ARMS DEAL BUTTRESSED SADAT'S DETERMINATION FACE DOWN GROMYKO. INTERNALLY, LEFTIST AGITATORS EXPLOITED REAL ECONOMIC DISTRESS TO CAUSE RIOTS IN EARLY JANUARY AND LATE MARCH. END SUMMARY.

1. FOLLOWING IS EMBASSY CAIRO'S QUARTERLY POLITICAL ASSESSMENT FOR JANUARY 1-MARCH 31, 1975. PART I, EGYPTIAN FOREIGN AFFAIRS, IS DIVIDED INTO SUBSECTION ON GOE RELATIONS WITH USG, USSR, ARABS, WESTERN EUROPE, AND OTHERS. PART II DISCUSSES INTERNAL POLITICAL-ECONOMIC SITUATION.

2. PART I: EXTERNAL AFFAIRS: A. US-EGYPTIAN RELATIONS: AS THE YEAR OPENED GOE RESTIVELY SOUGHT A NEW EGYPTIAN-ISRAELI DISENGAGEMENT AGREEMENT AND LOOKED TO THE US TO ACHIEVE THIS. THE AMBASSADOR'S RETURN ON CONSULTATIONS IN EARLY JANUARY AROUSED LOCAL EXPECTATIONS, WHICH WERE REFLECTED IN THE LOCAL PRESS, THAT HE WOULD RETURN WITH A PROPOSAL. THERE WAS DISAPPOINTMENT WHEN HE BROUGHT ONLY PROCEDURAL IDEAS. WITH SOME RELUCTANCE SADAT ACCEPTED THE CONCEPT OF A TWO-STEP APPROACH INVOLVING VISITS BY THE SECRETARY IN FEBRUARY AND AGAIN IN MARCH WITH A GAP IN BETWEEN. HE WAS CONCERNED THAT PROTRACTED NEGOTIATIONS WOULD INCREASE HIS EXPOSURE TO SYRIAN, PALESTINIAN, SOVIET AND OTHER PRESSURES. THE SECRETARY'S VISIT IN MID-FEBRUARY HELPED PREPARE THE GROUND FOR FURTHER TALKS.

3. SHUTTLE DIPLOMACY BEGAN IN EARNEST ON MARCH 7 WHEN THE SECRETARY MET WITH THE PRESIDENT IN ASWAN. IT CONTINUED FOR SOME 17 DAYS THEREAFTER AS AN EFFORT WAS MADE TO RECONCILE DIVERGENT EGYPTIAN AND ISRAELI POLITICAL AND MILITARY ASPIRATIONS. THOUGH SADAT REMAINED SKEPTICAL OF PROSPECTS FOR SUCCESS, HE MADE A SERIOUS EFFORT TO ADVANCE THE NEGOTIATIONS. CONSIDERABLE PROGRESS WAS MADE, BUT IN THE FINAL ANALYSIS THE GAP BETWEEN THE TWO SIDES REMAINED UNBRIDGEABLE. AS A RESULT, WITH EGYPTIAN CONCURRENCE, THE NEGOTIATIONS WERE SUSPENDED.

4. NEITHER PUBLIC NOR PRIVATE EGYPTIANS BLAME USG FOR SUSPENSION. THEY PLACE THE BLAME SQUARELY ON ISRAELI
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"INTRASIGENCE." HOWEVER, WHILE ISRAELI "INFLEXIBILITY" SURPRISED NO ONE IN CAIRO, EGYPTIANS ARE HONESTLY INCREDOULOUS THAT USG, IN THEIR VIEW, WAS APPARENTLY UNWILLING OR UNABLE TO BRING ISRAELIS AROUND SUFFICIENTLY TO ACHIEVE MUTUALLY ACCEPTABLE AGREEMENT. PRIVATELY, WE HEAR THIS INCREDOULITY FROM ALL SIDES. THE SECRETARY'S INTEGRITY IS NOT CALLED INTO QUESTION; OUR INTERLOCUTORS ARE SIMPLY CONFUSED BY WHAT THEY BELIEVE HAS BEEN SEMI-PUBLIC USG ADMISSION OF

INABILITY EXACT ISRAELI CONCESSIONS NECESSARY FOR WHAT
EGYPTIANS SEE AS EXTREMELY LIMITED ISREALI WITHDRAWAL IN SINAI.

5. ALTHOUGH BREAKDOWN OF SHUTTLE DIPLOMACY COULD HAVE HAD
ADVERSE CONSEQUENCES FOR US/EGYPTIAN RELATIONS, SADAT
PERSONALLY, SUPPORTED BY HIS SENIOR MINISTERS, MOVED
QUICKLY TO AVERT THIS. PRESIDENT'S POLICY ADDRESS MARCH 29
PROVIDED PUBLIC DECLARATION OF FAITH IN USG AND OF SADAT'S
SINCERE DESIRE PROCEED DOWN ANY PATH, NOT MERELY THAT
OF GENEVA, TO ACHIEVE PEACE SETTLEMENT. AS EARNESTS OF
THIS DESIRE, HE ANNOUNCED SUEZ CANAL WOULD OPEN JUNE 5,
UNEF MANDATE WOULD BE RENEWED FOR THREE MONTHS,
AND BODIES OF 39 ISRAELI SOLDIERS WOULD BE RETURNED WITHOUT ANY

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QUI PRO QUO. IN PRIVATE CONVERSATION PRESIDENT HAS GONE
OUT OF HIS WAY TO EMPHASIZE THAT SECRETARY DID EVERYTHING
FEASIBLE TO ACHIEVE SUCCESS, AND THAT GOE WANTS US/EGYPTIAN
RELATIONS TO REMAIN GOOD. FONMIN FAHMY HAS MADE SAME

POINTS STRONGLY, NOTABLY WHEN BRIEFING FOREIGN AMBASSADORS
ON SECRETARY'S MISSION.

6. FURTHER, EGYPTIAN MEDIA, WITH ONE INADVERTENT
EXCEPTION, HAS NOT BELABORED THE US FOR FAILURE OF THE
NEGOTIATIONS. OUR MUTUAL DIALOGUE REMAINS INTENSE AND
CONSTRUCTIVE AT ALL LEVELS. THE MEETING BETWEEN SADAT
AND VICE PRESIDENT ROCKEFELLER IN RIYADH DURING FUNERAL
CEREMONY FOR KING FAISAL WAS WIDELY HAILED LOCALLY AS "USEFUL",
AND SOME EGYPTIANS HAVE TOLD US PRIVATELY THEY HOPE
SOMETHING MIGHT COME OF IT BEFORE GENEVA CONFERENCE
RESUMES.

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7. THERE IS EVERY DESIRE TO MAINTAIN STRONG BILATERAL
RELATIONS, BUT THE OBSTACLES CANNOT BE OVERLOOKED. IN THE
ABSENCE OF POLITICAL MOVEMENT ON THE ARAB-ISARELI FRONT,
THE ECONOMIC SIDE OF US-EGYPTIAN RELATIONS WILL BE
REQUIRED TO BEAR AN EXCEPTIONALLY HEAVY BURDEN. GOE
EXPECTS ADDITIONAL US MATERIAL HELP IN ALL FIELDS. GOE
ALSO EXPECTS US RECOGNITION OF THE EXTENT SADAT WENT TO TRY
TO ACHIEVE A NEW DISENGAGEMENT AGREEMENT. SHOULD THESE
HOPES BE DASHED, BILATERAL RELATIONS COULD COOL.

8. THE QUARTER ALSO WITNESSED VISITS BY VARIOUS
CONGRESSIONAL DELEGATIONS, NOTABLY SENATORS PERCY,
INOUE, MATHIAS, MCCLURE, AND MCGOVERN, A HOUSE ARMED
SERVICES SUBCOMMITTEE AND AN IPU DELEGATION. EACH
OF THESE CODELS MET WITH THE PRESIDENT AND SENIOR
EGYPTIAN OFFICIALS. THEIR IMPACT WAS UNFIFORMLY POSITIVE.
THEIR SYMPATHETIC INTEREST IN EGYPT'S PROBLEMS AND
ASPIRATION WAS MUCH APPRECIATED.

9. EGYPTIAN SOVIET RELATIONS. PAST THREE MONTHS
HAVE BEEN FRUSTRATING AND LARGEY UNPRODUCTIVE FOR SOVIET
DIPLOMACY IN EGYPT. VIRTUALLY EVERY SOVIET GAMBIT
ULTIMATELY BACKFIRED OR, MORE CORRECTLY, WAS TREATED
BY GOE AS IF IT HAD. AT BEGINNING OF YEAR MOSCOW ENDEAVORED
TO EXERT SOME SUPERPOWER MUSCLE BY REFUSING DISCUSS
MATTERS OF DEEP CONCERN TO GOE UNTIL POSTPONED BREZHNEV
VISIT COULD BE RESCHEDULED. THIS RESULTED IN FULL BLAST
OF SADAT'S OWN FAVORITE PLOY: "EXPOSING" TO WORLD OPINION
PERFIDY OF SOVIET BEHAVIOR. EVEN AT END OF REPORTING
PERIOD, WHEN KISSINGER MISSION WAS SUSPENDED, TASTE OF
VICTORY MUST HAVE TURNED SOUR IN SOVIET MOUTHS WHEN SADAT
MADE CLEAR IN MARCH 29 ADDRESS THAT HE HOLDS OTHER OPTIONS
THAN GENEVA OPEN.

10. AT END OF 1974, SOVIETS HAD ATTEMPTED TO SWEETEN UP

EGYPTIANS BY RESUMING SOME ARMS SHIPMENTS (INCLUDING MIG 23S) DATING FROM MARCH 1973 CONTRACTS. GOE HAS INSISTED THIS EQUIPMENT DOES NOT CONSTITUTE REPLACEMENT FOR OCTOBER WAR LOSSES AND SADAT, ON SEVERAL OCCASIONS DURING REPORTING PERIOD, HAS INSISTED SOVIETS HAVE NOT REPLACED EGYPTIAN WAR LOSSES.

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II. YMPTOMATIC OF SOVIET FRUSTRATION WAS DECEMBER 31 AHRAM FRONT PAGE INCIDENT. SOVEITS FORMALLY PROTESTED ARTICLE ASSERTING BREZHNEV'S ILL HEALTH HAD FORCED POSTPONEMENT OF HIS VISIT. PRIVATELY, SOVIETS WERE EQUALLY INCESNED OVER LARGE PICTURE FEATURED IN SAME PAPER WHICH SHOWED SMILING SADAT SHAKING HANDS WITH AMBASSADOR EILTS.

12. AS DAYS PASSED. SOVIETS GOT EVEN WORSE TREATMENT IN LOCAL PRESS WHEN GOE PUBLICLY BLAMED JANUARY 1 CAIRO RIOTS AND UNIVERSITY DEMONSTRATION ON "COMMUNISTS." POLICE ARRESTED "MARXIST" ELEMENTS (PERHAPS 300-400) FOR INTERROGRATION AND REPORTEDLY UNCOVERED NEW SUBVERSIVE ORGANIZATION "FINANCED FROM ABROAD." EGYPTIAN COMMUNIST JOURNALISTS MADE FEEBLE COUNTERATTACK, CLAIMING BOURGEIOIS RIGHT, NOT "NATIONALIST" LEFT WAS BEHIND SUBVERSION.

13. BY MID-JANUARY, GOE HAD DECIDED TO LET LOCAL PRESS HAVE ITS HEAD ON YET ANOTHER GRIEVANCE AGAINST MOSCOW: PARTICIPATION IN AND ENCOURAGEMENT OF PLO'S "CAMPAIGN OF DOUBT" AGAINST EGYPT'S ARABISM, WHICH WAS BEING CHURNED OUT BE BEIRUT PRESS MILL. MOSCOW WAS SPECIFICALLY NAMED BY AKHBAR AS IN INSTIGATOR OF THESE "BASELESS" ALLEGATIONS AGAINST GOE MOTIVATIONS.

14. AS SOVEIT PRESSURE ON SADAT TO ABANDON STEP-BY-STEP APPROACH GREW, HE DECIDED TO AIR HIS OWN COMPLAINTS AGAINST MOSCOW IN A SERIES OF REMARKABLE NEWSPAPER INTERVIEWS, BEGINNING WITH ANWAR JANUARY 7 AND CONTINUING UNTIL HIS DEPARTURE FOR PARIS JANUARY 27. HE INVITED PUBLIC ATTENTION TO FOLLOWING SOVIET SHORTCOMINGS: INSISTENCE ON LE 80 MILLION PAYMENT FOR PARTIAL ARMS DELIVERIES, REFUSAL TO GRANT 10 YEAR GRACE PERIOD FOR MILITARY EQUIPMENT PAYMENTS, REFUSAL TO DISCUSS PROVISION OF ARMS DEVELOPED AFTER OCTOBER WAR, REFUSAL TO REPLACE WAR LOSSES QUICKLY OR TO FULFILL PRE-WAR CONTRACTS. ASKED BY LE MONDE REPORTER JANUARY 20 IF FRIENDSHIP TREATY MIGHT BE ABROGATED, SADAT SAID FLATLY: "MY PATIENCE IS LIMITED." GOE/USSR MILITARY AND ECONOMIC COOPERATION WAS, PRESIDENT DECLARED, "FROZEN."

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15. FINALLY, ON JANUARY 26, LOCAL PRESS CARRIED SHORT ANNOUNCEMENT THAT FONMIN GROMYKO WOULD PAY VISIT FEB 3. (ONCE AGAIN, SAME EDITIONS CARRIED FEATURE PICTURE OF SADAT AND AMBASSADOR EILTS.) FROM ALL INDICATIONS, GROMYKO DECIDED TO COME IN ORDER TO GIVER PERSONAL FILIP TO BASIC SOVIET POLICY GOAL OF SPEDDING GENEVA RESUMPTION AND MAKING ANOTHER ATTEMPT TO PERSUADE GOE TO JETTISON STEP-BY-STEP APPROACH.

16. FORTIFIED BY WHAT GOE INSISTED ON REGARDING AS OPENING OF MAJOR NEW ARMS SOURCE IN PARIS, SADAT REPORTEDLY ANGERED GROMYKO BY MAKING CLEAR HE WOULD NOT BE LED BY THE NOSE TO GENEVA NOR EVEN BE CUDGELLED INTO SETTING PUBLIC TIME FRAME FOR GENEVA RESUMPTION. HE REFUSED GROMYKO'S REQUEST FOR AN IMMEDIATE PRIVATE MEETING AND ORDERED LOW KEY PRESS COVERAGE. AT FEB 4 PRESS CONFERENCE BOTH SIDES DECLARED NEW CHAPTER IN

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RELATIONSHIP HAD BEEN OPENED BY THE USEFUL AND CONSTRUCTIVE TALKS, BUT ONLY CONCRETE RESULTS ANNOUNCED WERE SIGNING OF CONSULAR, CULTURAL AND ECONOMIC PLANNING AGREEMENTS.

17. SOVIETS LARGEY DROPPED FROM THE NEWS IN FEBRUARY, OWING TO EGYPTIAN OCCUPATION WITH, AND EUPHORIA ABOUT, SECRETARY'S NEW TWO STAGE INITIATIVE. FAHMY, HOWEVER, INSERTED INTERESTING NEW WRINKLY INTO GENEVA CONFERENCE TIMING QUESTION BY TELLING PEOPLE'S ASEMBLY ON FEB 18 THAT GOE WOULD NOT GO TO GENEVA UNTIL OCTOBER WAR EQUIPMENT IS REPLACED.

18. PRESIDENT SADAT'S MARCH 29 POLICY ADDRESS MUST HAVE BEEN WORMWOOD AND GALL TO MOSCOW. SELF-CONFIDENT, FORTHCOMING, AND MODERATE, PRESIDENT DID NOT GIVE IMPRESSION OF LEADER DESPERATELY SEEKING GACE-SAVING EXIT FROM POLICY OF RELIANCE AND TRUST IN USG. PRESIDENT NOT ONLY MADE CLEAR THAT GENEVA IS NOT HIS ONLY OPTION, BUT FAILED TO MENTION USSR AT ALL EXCEPT TO HOPE BILATERAL RELATIONS CAN BE BASED ON "PRINCIPLES", NOT OPPORTUNISM.

19. SOME GOE OFFICIALS SUSPECT THIS EGYPTIAN SELF-CONFIDENCE HAS ANGERED SOVIETS. FAHMY, FOR EXAMPLE, CLAIMS SOVIETS WERE BEHIND RIOTING AT MAHALLA MARCH 20-22 AND MAY BE EMBARKED ON DELIBERATE INTERNAL SUBVERSION CAMPAIGN. PRESIDENT SADAT, SPEAKING TO SENATOR MCGOVERN, BLAMED MAHALLA INCIDENT ON "COMMUNISTS." THE CHARGE OF DIRECT SOVIET INVOLVEMENT IS DIFFICULT TO DOCUMENT AND APPEARS NOT TO BE SUPPORTED BY EGYPTIAN SECURITY SERVICES. WE SHOULD NOT EXCLUDE POSSIBILITY GOE HAS MADE SUGGESTION TO US AS A DELIBERATE POLITICAL PLOY.

20. C. EGYPTIAN/ARAB RELATIONS. DURING REPORTING PERIOD, SADAT HAS CONTINUED TO BE SENSITIVE TO THE UTILITY OF MAINTAINING THE BEST POSSIBLE RELATIONS WITH OTHER ARAB GOVERNMENTS. ASHRAF MARWAN HAS BEEN DISPATCHED TO MOST ARAB CAPTIALS (TRIPOLI WAS A NOTABLE EXCEPTION) WITH PERSONAL MESSAGES FROM SADAT ON THE STATUS OF THE ONGOING ARAB-ISRAELI NEGOTIATIONS. DISSENTING VIEWS HAVE BEEN PAINSTAKINGLY ANSWERED, AND SOME HEADWAY HAS BEEN

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ACHIEVED IN IRAQ, AND EVEN ALGIERS.

21. MOST SERIOUS ARAB PROBLEM SADAT FACED WAS PLO AND SARG FEAR THAT SECRETARY'S MISSION MIGHT PROVE

DETERRIMENTAL TO THEIR INTERESTS. SINCE WELL BEFORE OCTOBER WAR, GOE APPEARED TO BE GOING OUT OF ITS WAYS TO PROPITIATE PLO. TIMIDITY SEEMED TO CHARACTERIZE ITS RESPONSE TO PLO ACTIONS. THIS WINTER, HOWEVER, SADAT UNEXPECTEDLY REVERSED HIS PUBLIC STAND. TO GENERAL ASTONISHMENT OF ME OBSERVERS, INCLUDING PLO ITSELF, GOE REFUSED TO SUBMIT QUIETLY TO PLO EXCOMM'S ARROGANT "WARNING TO ARAB WORLD" AGAINST DANGER OF EGYPT SACRIFICING ARAB UNITY FOR SAKE OF SECOND SINAI DISENGAGEMENT. ON FEB 27 FAHMY DICTATED TO MENA CORRESPONDENT GOE'S RESPONSE TO PLO'S ANNOUNCED INTENTION TO SEND DEL TO DISCUSS EGYPTIAN POLICY WITH SADAT, VIZ, WHOLE EXCOMM, BUT NOT PART, WAS WELCOME TO COME FOR DISCUSSION. PLO REPS LISTENED IN SLACK JAWED AMAZEMENT. BEFORE 48 HOURS HAD PASSED, VOP WAS EXPLAINING QADDUMI WANTED TO "CONTAIN" UNFORTUNATE DISPUTE. PLO'S "WARNING", IT SEEMS, HAD NOT BE DIRECTED AT EGYPT AFTER ALL.

2. IN RETROSPECT SADAT'S ANGRY RESPONSE TO PLO'S STUDIED INSULT WAS, WHILE UNUSUALLY COURAGEOUS, NOT VERY SURPRISING. PLO LEADERS FROM ARAFAT ON DOWN HAD TAKEN TO MEDIA TO ALLEGE EGYPT WAS ON HERETICAL TRACK TO SEPARATE PEACE WITH ZIONIST ENEMY. ESTABLISHMENT EGYPTIANS WERE FURIOUS THAT EGYPT, WHICH HAS SUFFERED DREADFULLY FOR PALESTINE, SHOULD BE ACCUSED OF SUBSTANDARD ARABISM. "CAMPAIGN OF DOUBT" FROM BEIRUT SUCCESSFULLY TURNED MANY EGYPTIANS WHO WERE LUKEWARM TO STEP-BY-STEP APPROACH INTO FERVID BOOSTERS OF THEIR PRESIDENT.

23. GOE FIRMNESS WITH PLO HAS CONTINUED. SADAT REPORTEDLY TOLD ARAFAT IN RIYADH MARCH 25 THAT HE WILL NOT ALLOW PLO OBSTRUCTIONSIM TO AFFECT HIS DETERMINATION PURSUE PEACE AS HE, SADAT, CHOOSES. ABU IYAD, INVITED TO SADAT'S MARCH 29 POLICY ADDRESS,

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HAD TO LISTEN TO THE SAME PITCH, THIS TIME MADE IN
PUBLIC.

24. ALTHOUGH GOE WILL NOT ALLOW PLO TO DICTATE EGYPTIAN
POLICY, CAIRO NEVER LOSES SIGHT OF CENTRALITY OF PALESTINIAN
ISSUE TO WHOLE ME PROBLEM, AND IS GEARING UP FOR MAJOR
EFFORT PROMOTE A MODERATE PLO WHICH CAN SOMEHOW PLAY
CONSTRUCTIVE ROLE IN GENEVA AND WITH WHICH USG CAN OPEN
A DIALOGUE. (GOE IS DEEPLY CONCERNED THAT WE WILL FIND
IT EXPEDIENT TO OPEN SUCH A DIALOGUE SOON.) MOST RECENT
PROOF OFFERED BY GOE THAT CAIRO IS RELIABLE AND ACTIVE
AGENT FOR PALESTINIANS WAS DRAFT GENEVA RESOLUTION GIVEN
TO USSR AND USG IN FEBRUARY, WHICH CALLED FOR IMMEDIATE
INVITATION TO PLO TO PARTICIPATE AS FULL AND EQUAL MEMBER
OF CONFERENCE.

25. EGYPT'S SECOND MAJOR ARAB PROBLEM IS, OF COURSE,
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SYRIAN DISINCLINATION TRUST HER PUTATIVE ALLY. THROUGHOUT
REPORTING PERIOD, SARG HAS BEEN EVEN MORE EDGY THAN USUAL,
FEARING THAT SECOND SINAI DISENGAGEMENT NEGOTIATIONS WOULD
NOT RESULT IN GUARANTEED MOVEMENT ON GOLAN FRONT. SADAT
AND FAHMY HAVE SPENT CONSIDERABLE TIME AND EFFORT
SEEKING PERSUADE DAMASCUS THAT SOME FORM OF ACCEPTABLE
LINKAGE WOULD BE PRIME EGYPTIAN GOAL.

26. KHADDAM HAS NOT MADE FAHMY'S TASK EASY, ALTHOUGH
QUADRIPARTITE MEETING JAN 3 PASSED WITHOUT TOO MUCH
DIFFICULTY. FAHMY MANGED TO STAVE OFF SECOND ROUND, WHICH
HE FEARED KHADDAM WOULD USE AS FORUM TO EMBARRASS
GOE, BY TELLING PLO AND SARG IN MID-FEBRUARY THAT
PARTIES SHOULD FIRST AGREE ON AGENDA.

27. WITH SUSPENSION KISSINGER MISSION, SARG-GOE RELATIONS REMAIN STRAINED. SYRIANS HAVE BEEN UNGRACEFUL AND UNMANNERLY, PARTICULARLY IN MARCH 24 ARAB LEAGUE COUNCIL MEETING WHERE KHADDAM'S CORWING WAS DEEPLY RESENTED BY EGYPTIANS. UNTIL SYRIANS DRAW VEIL OVER THEIR DELIGHT THAT SADAT HAS SO FAR BEEN PROVED WRONG. IT IS DIFFICULT TO IMAGINE THAT BILATERAL RELATIONS WILL DEVELOP BEYOND THE STRICTLY CORRECT.

28. RELATIONS WITH OTHER ARAB STATES HAVE RUN THE GAMUT FROM VERY BAD WITH LIBYA, WHICH HAS REINSTITUTED PUBLIC MUD SLINGING, TO EXCELLENT WITH SAUDI ARABIA. NIMAIRI'S EFFORT MEDIATE BETWEEN TRIPOLI AND CAIRO CAME TO NOTHING. PROPOSED VISIT OF MININT SALIM (WHO IS RESPONSIBLE FOR LARG AFFAIRS) WAS INDEFINITELY POSTPONED BECASUE FAHMY DID NOT WANT TO GIVE QADHAIFI ANY CHANCE TO SCORE CHEAP PROPAGANDA AT TIME OF DELICATE ARAB-ISRAELI NEGOTIATIONS. FAYSAL'S VISIT TO ASWAN JAN 21 WENT WELL AND \$100 MILLION GRANT WAS PUBLICLY WELCOMED, BUT PRIVATELY REGARDED AS NIGGERDLY. KHALID AND SADAT HAVE EXCHANGED PLEDGES OF SUPPORT AND CAIRO IS SATISFIED THAT FAHD WILL CARRY ON CLOSE POLITICAL RELATIONSHIP FOSTERED BY FAYSAL.

29.D. EGYPTIAN/EUROPEAN RELATIONS
OF ALL EUROPEAN STATES FRANCE HAS STOOD OUT DURING PERIOD UNDER REVIEW FOR SPEED AND EXTENT WITH WHICH IT DEVELOPED ITS RELATIONS WITH GOE. PRESIDENT SADAT'S HIGHLY PUBLICIZED
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STATE VISIT TO PARIS AT END OF JANUARY AND THE COMMERCIAL AND MILITARY AGREEMENTS SIGNED THAT TIME BURNISHED FRENCH IMAGE CONSIDERABLY. THE MILITARY SALES AGREEMENTS WERE MAJOR PRACTICAL AND PSYCHOLOGICAL FACTORS IN GOE'S ABILITY TO STAND UP TO GROMYKO IN CAIRO ON FEB 3. SOVIETS COMPLAINED BITTERLY THAT FRENCH ARMS WERE NEITHER IMPORTANT NOR DELIVERABLE IN NEAR FUTURE, BUT THIS TRUSIM MADE NO DENT ON EGYPTIAN DELIGHT IN HAVING OPENED FOR ARABAS MAJOR NEW SOURCE OF ARMS.

30. GOE SUBSEQUENTLY MADE POINT OF PRAISING FRENCH ME POLICY, AND FAHMY ON JAN 31 TOLD AKHBAR THAT EGYPT BELIEVES GOE SHOULD PARTICIPATE IN GENEVA. ON MARCH 3, AHRAM "LEARNED" GOE HAD INSTITUTED CONTACTS WITH FRANCE, UK, US, AND USSR TO DISCUSS "GUARANTEES" FOR FINAL ME SETTLEMENT. SOME DIPLOMATS HERE BELIEVE CAIRO IS NOW CONSIDERING INVITING HMG AND GOE TO PARTICIPATE IN GENEVA, PRESUMABLY TO LESSEN POSSIBILITY OF POLARIZATION (USG AND GOI VS. USSR AND ARABS) WHICH SADAT FEARS SO MUCH.

31 FRG HAS MAINTAINED ACTIVE PRESENCE IN EGYPT; MRS. SADAT PAID VISIT TO WEST GERMANY FEB. 18. PORTUGAL AND EGYPT RESUMED RELATIONS FEB. 25, AND IRELAND, CURRENT EC CHAIRMAN, HAS ACCREDITED AN AMBASSADOR TO CAIRO.

32. EURO-ARAB DIALOGUE CONTINUES ON GOE BACK BURNER. CAIRO SUPPORTS DENATIONALIZED EXPERTS FORMULA BUT IS NOT PUSHING FOR IT.

3. E. MISCELLANEOUS RELATIONS

SHAH'S STATE VISIT TO EGYPT JAN 8 PROVIDED VISIBLE DEMONSTRATION OF INCREASING CLOSENESS OF EGYPTIAN/IRANIAN RELATIONS. SADAT HAD PERCEIVED THAT POSSIBLE CHANGES IN SHAH'S VIEW OF ME ISSUES MIGHT GIVE EGYPT SCOPE TO BRING IRAN CLOSER TO ARAB VIEW OF SUCH AREA PROBLEMS AS SOUTH ARABIA AND KURDISH INSURGENCY. EGYPT, OF COURSE, WOULD HOPE THIS PROCESS COULD GRADUALLY DRAW IRAN FROM ITS PREVIOUS CLOSE COORDINATION WITH ISRAEL.

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34. EGYPT CONTINUES TO SET HIGH VALUE ON UN VOTES OF AFRICAN COLLEAGUES, BUT HAS HAD LITTLE TIME THIS QUARTER TO DEVISE IMAGINATIVE AFRICAN POLICY. PRESS OF BUSINESS MADE IT IMPOSSIBLE FOR FAHMY TO ATTEND OAU MINISTERIAL

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AMEMBASSY MOSCOW
AMEMBASSY TEL AIV
AMEMBASSY TRIPOLI

S E C R E T FINAL SECTION OF 5 CAIRO 3310

EXDIS

IN ADDIS FEB. 13; MINSTATE FOR FOREIGN AFFAIRS ANWAR
ENT IN HIS STEAD.

35. ALTHOUGH THERE HAS BEEN EFFORT TO DRAW EGYPT INTO
PROBLEMS OF MOSLEM INSURGENCY IN THE PHILIPPINES
AND ALSO ERITREAN REVOLT AGAINST DIRG, SADAT HAS CONTINUED
TO KEEP GOE OUT OF THESE CONFLICTS AS MUCH AS HE CAN.
WHILE NOT WISHING TO ANTAGONIZE MOSLEM OPINION BY CASTIGATING
ELF OR FILIPINO MOSLEMS, NEITHER DOES HE WANT TO
JEOPARIZE GOOD RELATIONS WITH MANILA, AND CONTINUES
TO VALUE LINK WITH ETHIOPIAN GOVERNMENT, A FELLOW MEMBER OF
OAU.

36. II. INTERNAL

YEAR BEGAN WITH A BANG AS ROCK-THROWING DEMONSTRATORS
TOOK TO STREETS JAN 1 IN HELWAN AND CAIRO CHANTING PROTESTS

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AGAINST HIGH PRICES AND LOW WAGES. FOR NEXT FEW DAYS
UNIVERSITY RALLIES IN CAIRO KEPT THE POT BOILING
HOWEVER, GOE'S SEVERE AND EFFICIENT COUNTERMEASURES
SOON PUT A FULL STOP TO VIOLENCE UNTIL MAHALLA INCIDENT
IN LATE MARCH. MININT PERSONALLY ANNOUNCED ILLEGAL
DEMONSTRATIONS ARE INTOLERABLE AND WARNED COLLEGE
ADMINISTRATORS THAT POLICE WOULD NOT HESITATE ENTER
CAMPUSES TO MAINTAIN ORDER IF UNIVERSITY SECURITY FORCES
FAILED TO DO SO. POLICE INSTITUTED AND PUBLICIZED ROUND
UP OF "LEFTIST ELEMENTS", CHIEFLY STUDENTS, JOURNALISTS,
AND WORKERS, ALMOST ALL OF WHOM HAVE NOW BEEN RELEASED
AFTER STIFF INTERROGATION. SIGNIFICANTLY, NOT ALL ARRESTS
OCCURRED IN CAIRO AND HELWAN. SOME ALEXANDRIA
UNIVERSITY STUDENTS WERE DETAINED AND ON JNA 13 PRESS
REPORTED INVESTIGATION OF ANTI-REGIME ACTIVITY
IN UPPER EGYPT.

37. INTERESTING SIDELIGHTS OF GOE INVESTIGATION WERE
COMPILATION OF EVIDENCE OF SERIOUS COMMUNIST INFILTRATION
INTO LABOR UNIONS, AS WELL AS INDICATIONS THAT
LEFTIST RECRUITERS CONTINUE TO RELY NOT ONLY ON APPEAL
TO NASSERISM, BUT ALSO SEEK TO EXPLOIT LOCAL PROCLIVITIES
TOWARD FUNDAMENTALIST ISLAM. ON FEBRUARY 15, POLICE
ANNOUNCED NEW ISLAMIC LIBERATION PARTY NETWORK HAD BEEN
DISCOVERED, AN EVENT SO WORRISOME THAT WE BELIEVE
GOE WAS BEHIND SHAIKH AL-AZHAR'S PUBLIC DENUNCIATION OF
THIS HERETICAL GROUP (FEB. 27). MEANWHILE, TREASON TRIAL
OF 92 ILP DEFENDANTS IN MILITARY TECHNICAL ACADEMY
DRAGS ON.

38. ALTHOUGH MAJOR CHANGES IN PRESS ESTABLISHMENT HAD
BEEN BRUITED FOR WEEKS, WHEN ANNOUNCEMENT FINALLY CAME
MARCH 11 NEW STRUCTURE WAS NOT RADICALLY DIFFERENT FROM
OLD. STAFFING OF NEW HIGHER PRESS COUNCIL, TOGETHER
WITH SHITS OF LEADING LEFTIST JOURNALISTS TO AKHBAR
(WHERE THEY WILL BE MUZZLED) DOES SUGGEST A GOE EFFORT TO
DIMINISH MARXIST INFLUENCE AND MAKE "SELF-CENSORSHIP-
MORE AUTOMATICALLY RESPONSIVE TO MININFO'S GUIDANCE.
RESTRUCTURING OF ASU ITSELF IS STILL IN ABEYANCE. NEW
ASU STATUS AND ACROSS THE BOARD ELECTIONS ARE NOW
SCHEDULED FOR LATER THIS YEAR.

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39. WHATEVER PART DIRECT SUBVERSION AND INDIRECT
LEFTIST PRESS COMMENTARY MAY HAVE HAD ON FOMENTING
INTERNAL UNREST, IT IS CLEAR THAT STUDENTS, WORKERS
AND THE PUBLIC IN GENERAL ARE SUFFERING REAL ECONOMIC
DISTRESS AND HAVE GENUINE GRIEVANCES. ALL THE DISMAL
ECONOMIC FACTORS ON WHICH WE HAVE REPORTED DURING
PAST YEAR STILL OBTAIN; HARD CURRENCY SQUEEZE, BUREAUCRATIC
SLUGGISHNESS, CORRUPTION AND BLACKMARKETEERING, SUPPLY
AND TRANSPORTATION BOTTLENECKS. PROVOCATEURS FROM LET
AND RIGHT HAVE FERTILE FILED OF ECONOMIC GRIEVANCES ON
WHICH TO DRAW. FOLLOWING JAN 1 EVENTS, GOE HAS CONTINUED
TO ANNOUNCE FORMATION OF NEW COMMITTEES, SPECIFIC
PALLIATIVES (SUCH AS INCREASE OF TEA DOLE) AND NEW DRAFT LAWS
TO ALLEVIATE THIS DISTRESS, BUT TO LITTLE AVAIL. MEASURE
OF GOE CONCERN WAS SADAT'S PUBLIC PLEA TO RICH ARAB
BROTHERS (IN JAN 7 ANWAR INTERVIEW) FOR HARD CASH. MEASURE
OF GOE FAILURE TO MAKE DENT ON SITUATION WAS UGLY RIOTING
WHICH BEGAN MARCH 20 AT LARGE, MODEL TEXTILE PLANT
AT MAHALLA IN DELTA. PROVOCATEURS, LABELLED COMMUNIST
BY GOE, REPORTEDLY HAD LITTLE DIFFICULTY INFLAMING
CROWDS AGAINST GOE'S ECONOMIC FAILURES.

40. WITH SUSPENSION OF KISSINGER MISSION, MININT

IS KEEPING EYE PEELED. STUDENTS ARE QUIET SO FAR,
APRTLY BECAUSE EXAMS LOOM AND PARTLY BECAUSE OF
DAUTINGLY COMPLETE POLICE INFILTRATION INTO ACTIVIST
GROUPS. DANGER OF LABOR UNREST, PARTICULARLY
IF LOCAL COMMUNISTS AND SOVIETS TAKE A HAND IN PROVOKING
TROUBLE, REMAINS SERIOUS DANGER IN EYES OF GOE.
EILTS

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